



Grow Lakewood Committee

Report to the Mayor and City Council

July 2005

Tonight's Agenda

- 46 slides (5 presenters)
 - Introduction of Grow Lakewood
 - Our Process
 - Our Plan (3 sections)
 - Plan Summary
 - Discussion

Grow Lakewood Committee

formed June 2004

Appointed Members

Nickie Antonio

Phyliss Dykes

Ed Favre

Jay Foran

Ken Laino

Cindy Marx

Ralph McGreevy

Brian Powers

Pam Smith

Joe Stewart

Mike Summers

Mark Timieski

Supporting Members

Dryck Bennett

Vic Nogalo

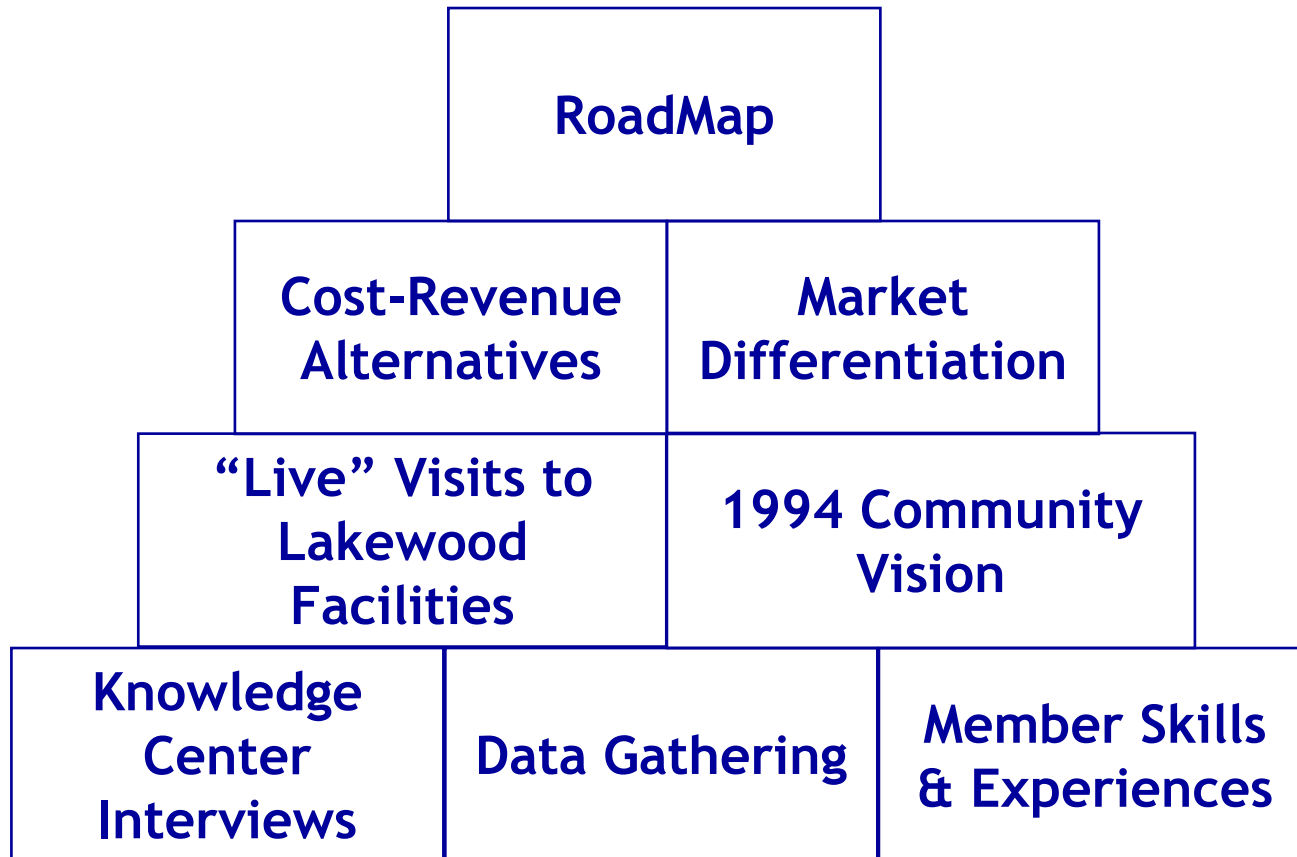
19 meetings, 15 interviews, 8 consultations

Committee Charter

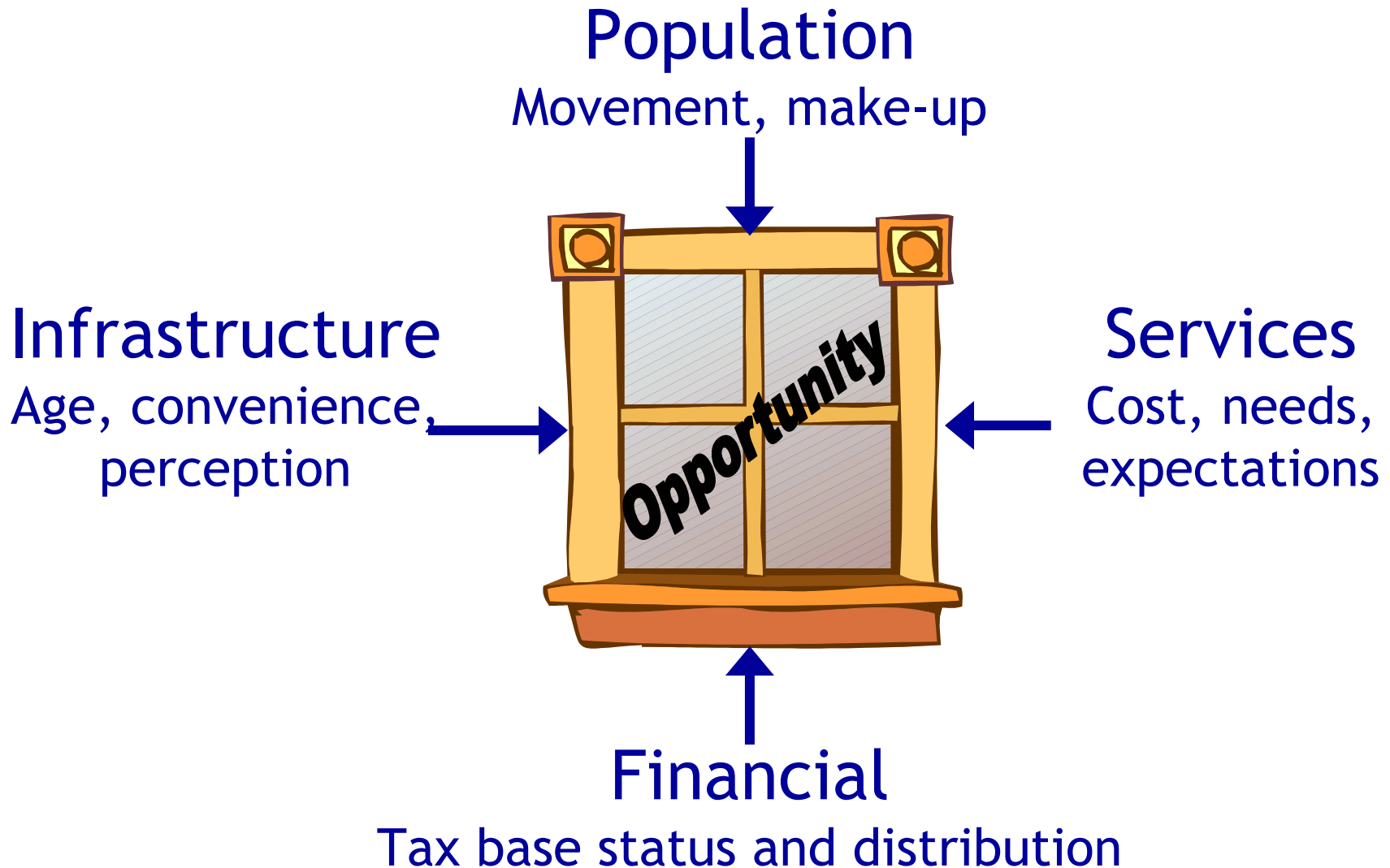
Create a strategic direction for Lakewood to:

1. Define the parameters of civic discussion and investment
2. Identify a future state
3. Complete a gap analysis vs. current state
4. Identify and prioritize future investment opportunities
5. Identify shorter term cost and revenue strategies

Our Process



Forces of Change



LAKEWOOD AT THE TIPPING POINT



**Bold action is required.
Doing nothing is not an option**

Lakewood Strengths

Location and Layout

- Set up for an era when we did not have cars- therefore, remains appropriate for a car less life style. Great position for Walking community designs- New Urbanism
- Neighborhood schools- soon to be updated
- Proximity to Parks (European style ring of green belt)
 - Cuyahoga Valley- (bike trail begins at W117th)- to Akron
 - Metro park
 - Lakewood Park
- Proximity-
 - Downtown
 - I-71/I-77/I-90
 - Airport
- Zoning Changes in process
 - Mixed use development/ overlay
 - Allowance for “24 hour” use

Lakewood Strategic Impediments

Key Insights

- **Financial Standing**
 - Fund balance exhausted
 - Tax base decline
 - High residential tax rate
- **Old Infrastructure**
 - Currently on 50 Year street & sewer replacement cycle
 - Linear, outmoded retail space
- **Urban Sprawl**
 - 2/3 of home buyers favor new housing (big house, big car, big commute)
- **Convenience**
 - Parking limitations

Compelling Issues

- External Forces at work
 - Flight out of Cleveland
 - Clean water Act- 0% effluent in Lake Erie by 2009
 - Lakewood- storm sewer overflow issues
 - Sewer rates will double from \$2 TO \$6 PER CUBIC FT
 - Increased poverty
 - N.E. Ohio population decrease
 - Urban Sprawl-redistribution of population and wealth-away from city center/ inner ring
 - 1974-40% of Cuyahoga County property wealth in Cleveland, today, 18% of county's property wealth is in Cleveland
 - Population growth in the county is 0%
- Internal Forces at Work
 - Perception issues
 - Decreased capacity to maintain property
 - Increased poverty
 - Waste treatment system piping (80-100 years old)
 - Garbage dumps filling up- new contract required by 2010
 - Increased social service dependency

Strategic Levers

- Residents
 - Social and intellectual engagement
 - Diversity
- Mixed Use/Design
 - Residential/Commercial/Retail
 - Street car layout=ease of access
- Proximity
 - Downtown/Freeways/Airport
 - Lakefront/Parks
- Walk-ability
 - Neighborhood Schools

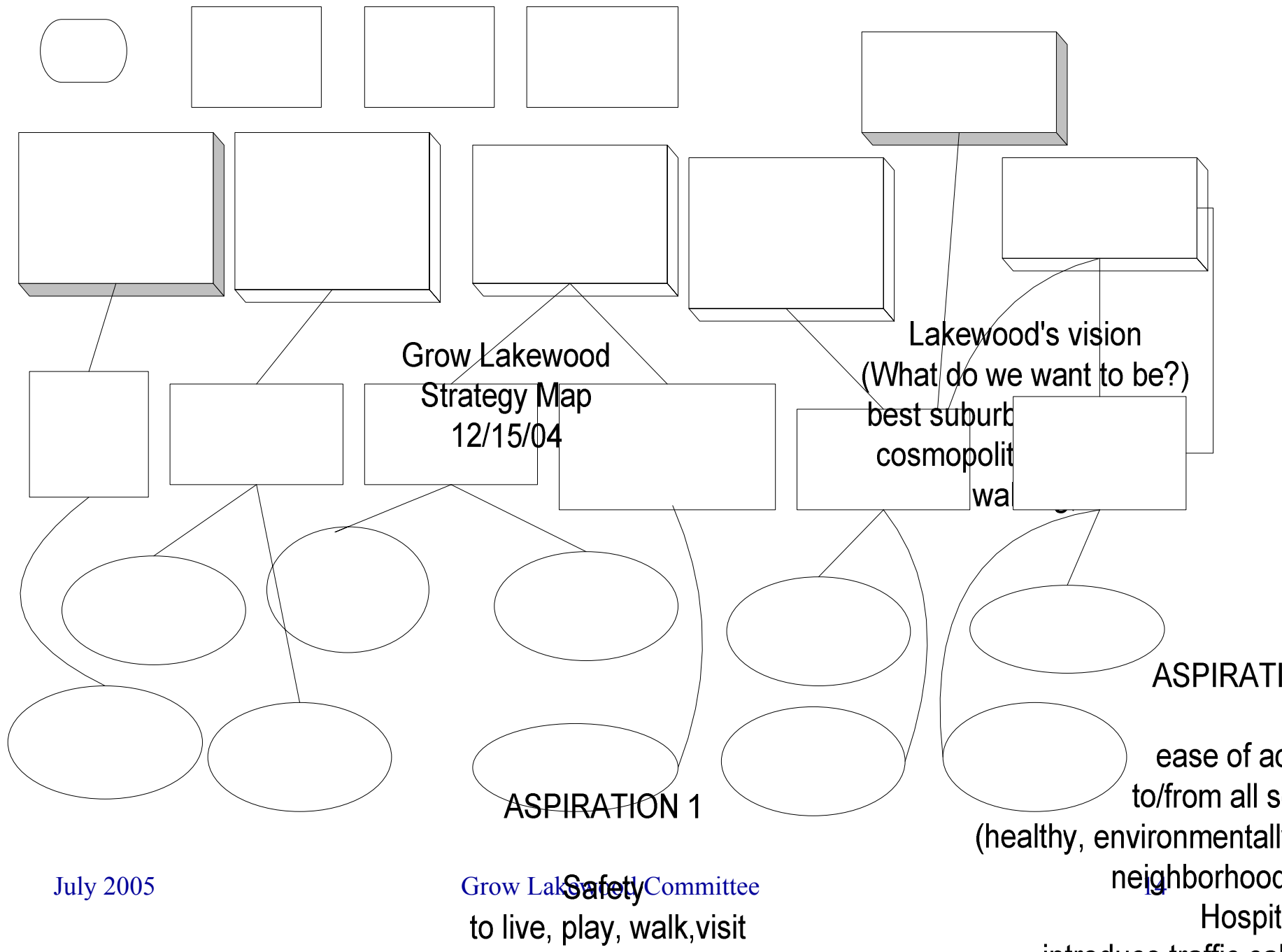
Strategic Map

Provides focus and sense of priority

- 6 key aspirations/ sets forth goals
- 6 strategic objectives
 - Create alignment of resources and effort
- 10 critical processes
 - Provide the foundation for plans of action

Six Strategic Objectives

1. Maintain/improve safety force effectiveness and productivity
2. Improve streets/sewers/infrastructure
3. Maintain financial solvency/create capacity for investment
4. Improve city government accessibility, ease of doing business/ leanness
5. Improve neighborhood quality/maintain and improve housing quality
6. Right size commercial infrastructure



Lakewood's Formula for Success

Housing + Commercial Office + Financial Balance
=

Long term growth, viability, and lifestyle quality





THE PLAN

- Preserve and grow housing value
- Preserve and grow commercial office population (workers and space)
- Correct structural imbalance between operating revenues and operating expenses

Improve Housing Quality

Good housing fosters good neighborhoods

- Define Housing Standards for the next century
- Build residency incentives for public employees
- Create aggressive incentives for owner occupancy of doubles
- Facilitate redesign of some stock to address lifestyle shifts
- Fill gaps in housing stock design availability
- Facilitate private investment of Shoreline maintenance to preserve our tax base

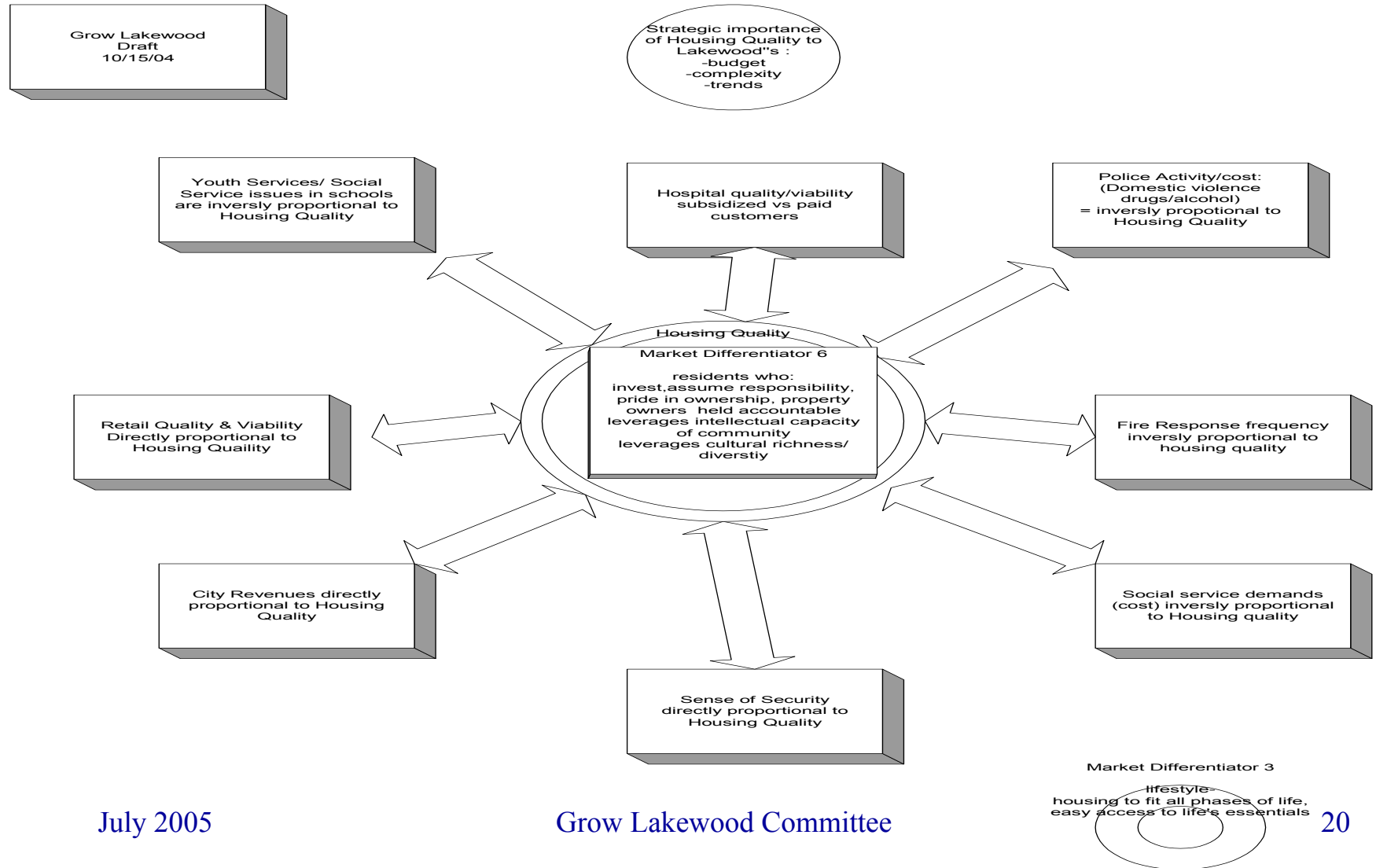
Why is Housing So important?

- Housing is the “economic lynchpin”
 - The economics of living in Lakewood are favorable as long as our house values are increasing at a greater rate than housing costs (costs include property taxes and maintenance)
 - The moment our house values start decreasing is when Lakewood’s future becomes vulnerable to many negative forces

Create Total Alignment

- Public and private housing policies, strategies, and initiatives
 - Form Housing Commission
 - Define housing quality Standard
 - Define inspection outcomes
 - Define/Develop housing support programs
 - Analyze housing style gaps (ranch, town houses, etc)
 - Develop performance measures and strategies that will insure housing improvement and maintenance
 - Define enforcement methods and consequences
 - Develop aggressive strategies to address abandoned houses
 - Develop policies that favor creative reworking of existing housing structures (particularly Doubles)
 - (representatives- residents, landlords, Fire Dept, Housing inspection, Courts)

Housing Quality - Lynchpin to Other City Service Requirements



Capitalize on New Urbanism

- Identify “life’s necessities” gaps - and fill them
 - Housing, shops, parks, entertainment, workplaces, etc.
- Focus on promoting Lakewood to key population segments
 - 1/3 of home buyers who favor older homes
 - “It is ok that Lakewood is not for everyone”

Housing

Next Steps

- Define Housing Standards for the next century of housing stock
 - Create Housing Commission
 - Bench mark other urban policies and enforcement strategies
 - Create policies and capacity for action
- Build residency incentives for public employees
 - Create financial incentives for teachers, city employees
 - Public employees incomes are above city median
- Create aggressive incentives for owner occupancy of doubles
 - Create occupancy cost advantages, purchase support programs
- Facilitate redesign of some housing stock to address lifestyle shifts
 - Experiment with conversion strategies of rental to condominium designs
 - Analyze population segments for design opportunities
- Fill gaps in housing stock design availability
 - Fill gaps in housing variety options
- Facilitate private investment of Shoreline maintenance
 - Create access points for construction, create financing mechanisms (not dollars, e.g. bonds) to foster private investment
- Promote “Walk-ability” options for healthy lifestyle design

Correct Structural Imbalance of Revenues vs. Costs

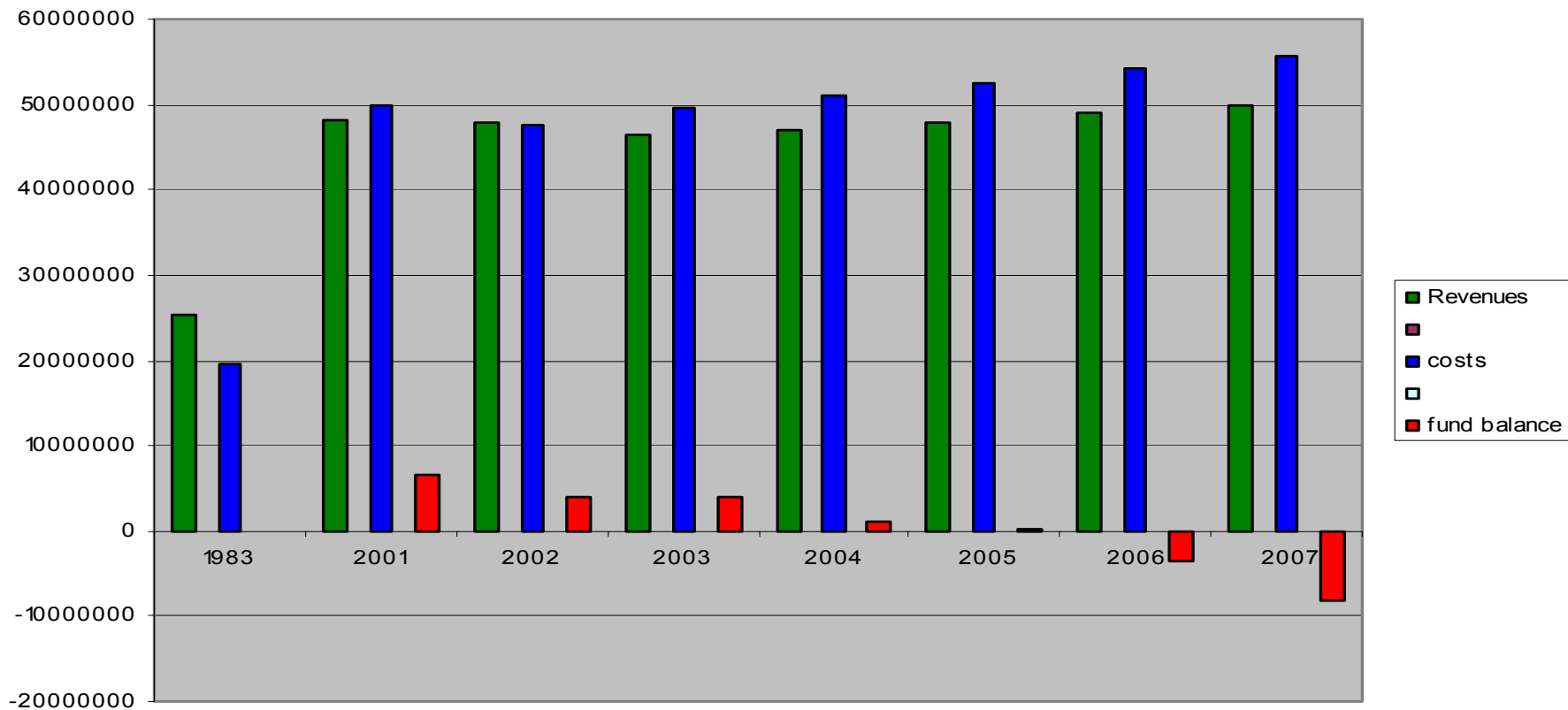
- Reduce current operating costs sufficient to provide financial strength and investment capacity
- Tie any tax increase to capital investment - particularly streets and parks
- Create more self service capability for basic city hall services
- Commit to a “re-engineering” of city hall organization and core services
- Leverage information technology to improve productivity

Cost Reduction is Paramount

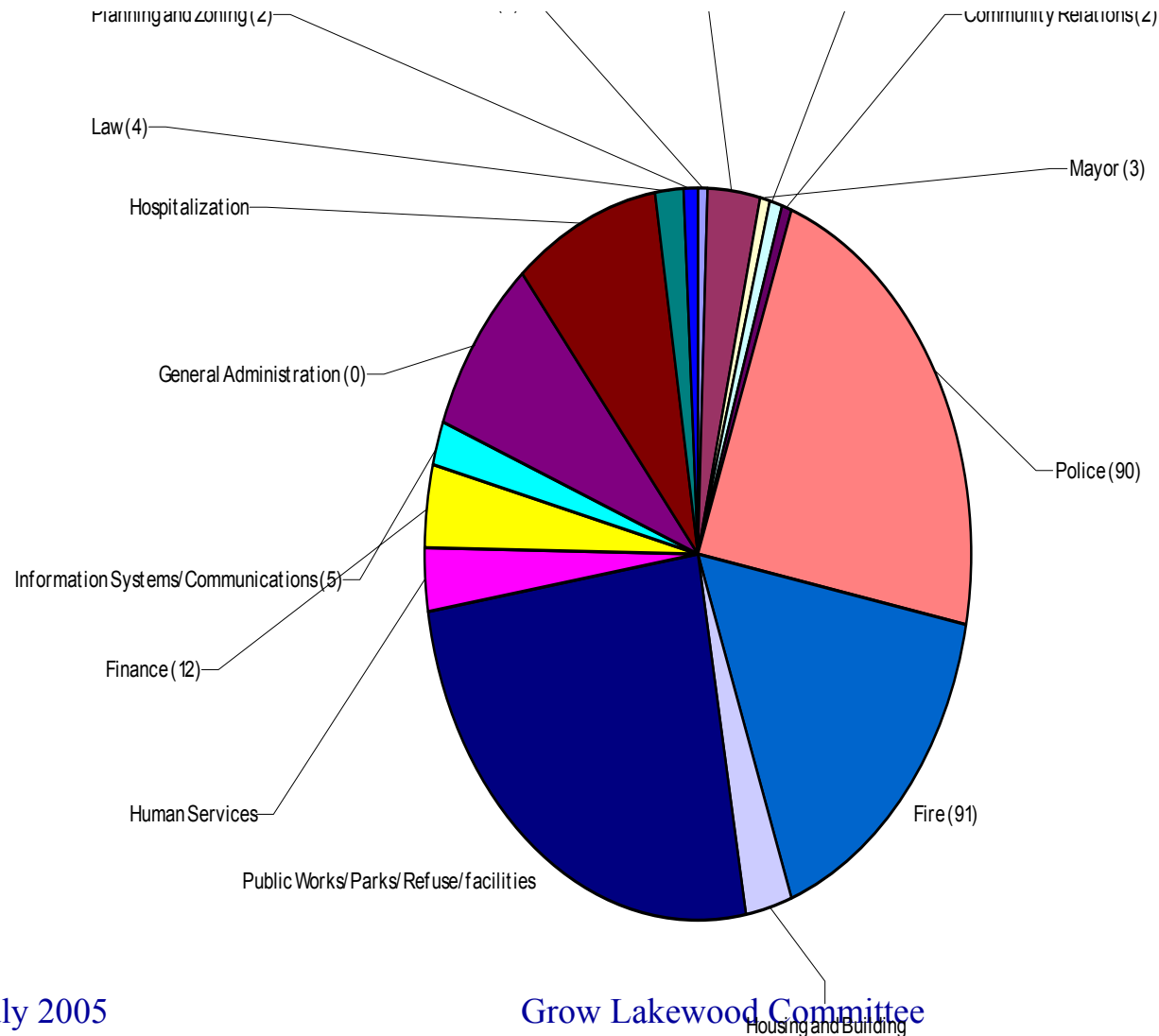
- Taxpayers will not support additional tax levels for existing services
 - Great city services must be made to fit existing revenue levels
 - Existing Bond rating agencies are issuing warnings if “Financial balance is not achieved”
 - Innovation, creativity, and harnessing the expertise of City workers must lead the way

If We Continue on Current Course: We Will Incur Big Deficits

Revenues/expenses/fund balance



Existing City Expenditures



Key Financial Objectives

- The City must have the financial strength for strategic investment
 - \$2 million economic development fund
 - Used as revolving fund for strategic investments
 - Primarily site assemblage and demolition
(invest, get paid back, re-invest, etc)
 - Create Financial capacity for \$3 million per year of capital improvements (increase of \$1.5 million over existing budgets)
 - Create and fund Land bank- for parking and commercial expansion (e.g. City Center)

Achieve Finances to Fund a 30 yr. Streets Replacement Cycle

- Current cycle is 35-50 years
- Deferred maintenance must not be our street strategy
 - We have been deferring for 30 years
- Current budget has diminishing capacity for any street repair
- Additional funding is required to achieve cycle
 - 360 segments x \$750,000= \$270 million for this cycle
 - Taxpayers might support additional tax levels for long term capital investments

Strategic Alternatives - Financial

- Reduce Current operating costs by \$3 million dollars (6.2%)
 - This would realign costs with projected revenues
 - Best approach is a \$4 million budget cut-adding back \$1 million in strategically more important areas (net reduction of \$3 million)
 - Need to challenge the assumption that reduced money equates to reduced service levels
 - Need to empower city hall employees to transform current approaches to services

Operating Cost Reduction

Focus on fundamental services (Core Service Criteria)

- Does it (service) target our population's need?
 - Who is the target?
 - How big is the population?
 - How effective is the service at meeting its mission?
- Is the Service mandated by Federal or State Regulation/Law?
- Is the service preventative vs. responsive to need?
 - Aging care
 - At Risk Youth
 - Crime prevention
- Is there duplication/ overlap with other providers?
 - Government (county, state, federal)
 - Private sector
 - Non Profits
- Is the service unique to local government (no one else can provide it?)
 - Police
 - Fire
 - Water
 - Sewer

Core Service Criteria (contd.)

- What is the percent of total population served?
- What is the percent of tax base served?
- Can city funds be used to leverage other monies?
 - E.g. Christian Service Center
- Does it contribute to the overall quality of Life in Lakewood?
 - Winterhurst
 - Skate Park
- What would happen if the service was not offered?
- What is the service's effect (or lack thereof) on Lakewood's image?
 - E.g. food bank's support by socially conscious citizens
- How efficient is the service delivery? Is it "process challenged"?
- Can other perform this service cheaper? Better?
 - Inside local government
 - Other government agencies
 - Regional collaboration
- What are the unique features of Lakewood that could challenge traditional "core services criteria"?
- What services are required to be a "good neighbor" to surrounding communities?
- How does the age of Lakewood determine a service's suitability?
 - Housing, population, streets, sewers, etc.

Financial Strength

Next Steps

- Reduce current operating costs sufficient to provide financial strength and investment capacity
 - Focus on delivery of core services (reference criteria)
 - Explore “Citi-stat” tools to achieve measurement and focus
- Create more self service capability for basic city hall services
 - Improve ability to get basic information and documents and make inquiries “On-Line”
- Commit to a “re-engineering” of city hall organization and core services
 - Challenge “past practices” for resource optimization
 - Leverage employees knowledge and experience for process improvements
 - Evolve from “1 year budget” view of expenditures
- Leverage information technology to improve productivity
 - Consider “Chief Information Officer” capacity
 - Leverage citizen expertise for support and ideas (significant pool of seasoned executives available to help)

Future Tax Increases

- Current Operating Revenues cannot support future capital investments
- Future tax increase must be tied to capital/infrastructure investment - particularly streets and parks
 - Create 30 year replacement cycle for all streets
 - Catch up from current 45 year cycle
 - Expand parking capacity
 - Answer must be YES “if we raise the tax will we fix our streets?”

Focus on Commercial Office Development

- Focus on 5- 40 person company
- Rework existing space
- Create retention strategies regarding growth of existing firms
- Develop financial strategies/policies that create support services and amenities (permits, parking, IT infrastructure, retail (copying, media, etc.)
- Leverage proximity, accessibility, foster ADA compliance

Why Focus on Commercial Office ?

- Office Use generates High gains because:
 - Relative higher wages (versus retail)
 - Local income tax paid on these wages
 - Lower demand for city services (vs. retail)
- Industrial development is not a Lakewood option
- Existing infrastructure has a greater chance of being re-worked for this type of occupant
 - Multiple small/mid size space requirements vs. retail's need for large space
- Parking availability can be more fragmented vs. requiring larger space
- Create pathways for growth of entrepreneurial startup companies

Commercial Office Development

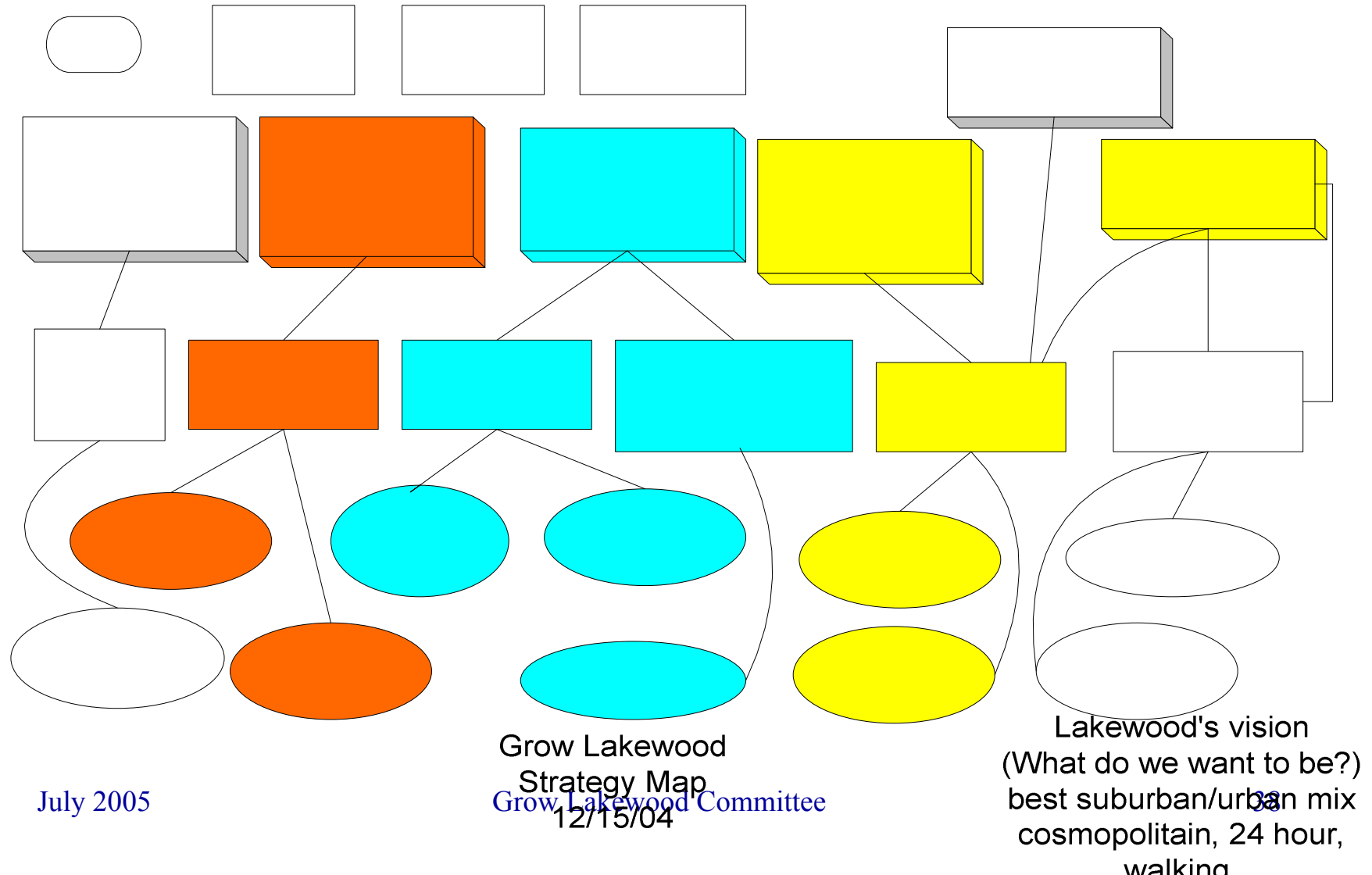
Next Steps

- Increase parking capacity
 - Expand existing lots with incremental house acquisition-over time
 - Expand long term (> 2 hours) capacity
- Focus on 5- 40 person company
 - Target smaller firms-cost and accessibility
- Rework existing space
 - Convert some storefronts into Office fronts
- Create retention strategies regarding growth of existing firms
 - Provide migration paths for growing firms (more space)
- Develop financial strategies/policies that create support services and amenities
 - Permits, parking, IT infrastructure, retail (copying, media, etc)
 - Attract retail amenities to support commercial activity, employee lifestyle
 - Explore traffic calming designs to foster more attractive city center
- Leverage proximity, accessibility, foster ADA compliance

Benefits of Plan

- Realistic
 - leverages strengths and current infrastructure
- Incremental
 - can be “chipped away” for years to come
- Creates focus and discipline
 - hard but possible

Strategy Map-reflecting 3 elements of the plan: Yellow=Housing, Blue=financial balance, Orange=commercial office development



How ?

- Leverage Community Intellectual Capital
- Create better alignment
- Expand Economic Development focus
- Explore “Regionalism” opportunities

Community Intellectual Capital

- Create citizen/city hall task forces around each of the three legs of this plan
 - Less than 1 year assignment
 - Insure skill/knowledge to match the subjects
 - Create more specific goals
 - Analyze/explore the opportunities for leveraging resources
 - Support “Transformation” of City Hall departments “how can we do it faster, better, cheaper?” (versus a 1 year budget view?)
 - Evaluate future “functions” versus current “Form” (buildings, equipment, layout)

Create Better Alignment

- Align existing commissions and advisory groups with Housing, Solvency, and Commercial Office development

Expand Economic Development Focus

- Create a home for economic development issues to be explored and analyzed incorporating community expertise
 - Expand Planning Commission charter to include economic development beyond land use issues?

Explore Regionalism Opportunities

- Continue to explore Regionalism opportunities
 - Administrative functions with neighbors
 - Health Services
 - Youth Services
 - Expensive Fire Equipment/utilization
 - Expensive Police equipment/special staff/skills

City Hall Infrastructure

- 50 year old design and construction
- No significant investment in 50 years
- Office redesign of non load bearing walls have left the original HVAC system ineffective
 - very energy inefficient
- Windows are original design
 - major source of energy loss.
- Existing jail is inadequate for current prisoner load
 - 1990's DUI/Domestic violence sentencing mandates increased load

City Hall Infrastructure Options

- Do nothing
- Expand the front to Detroit
- Close off rear - expanding Police portion
- Build separate Justice Center (police/court)
- Move some Administrative sections, using existing space for expanded Justice Center in current building

City Hall Infrastructure

Recommendations

- Form should fit function
- Function should reflect Core Service Criteria Focus
- Structural investment should reflect new Form
- Significant workflow analysis must be performed before any specific recommendations can be made

Lakewood's Future!

Strong civic leadership, which is willing to confront the difficult issues facing our city, will tilt the odds in favor of a great future for Lakewood!